ISSUES OF ATTRACTING FINANCIAL RESOURCES FROM THE CAPITAL MARKET THROUGH EUROBONDS

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Iroda Shavkatova
Student of Master degree (MSc), Banking and Finance Academy of the Republic of Uzbekistan

It should be noted that it is necessary to implement innovative development, create a healthy investment climate and attract more institutional investors while achieving the developed economy. It should be done to develop the financial market in this process by attracting institutional investors, creating conditions for their investment and ensuring the participation of institutional investors. In particular, institutional investors are helpful to create financial resources and opportunities for Uzbekistan to introduce new technologies and know-how, because national companies in Uzbekistan are not well-funded, competitive and effective enough to develop the financial market. For this reason, today it is important to attract institutional investors to the financial market of Uzbekistan in order to develop the financial market by expanding their participation. This shows the relevance of studying institutional investors to develop the financial market of Uzbekistan.

In foreign practice, the characteristics of institutional investors are the following[1]:

- It is always a legal entity, and it is important to understand that an institutional investor is an enterprise managing a fund (e.g., a mutual fund), but not the mutual fund itself.
- The basis of an institutional investor's activity is professional, and it manages assets based on the interests and goals of its clients.
- An institutional investor always manages a significant number of funds.

Institutional investors include investment funds, insurance companies and commercial banks in Uzbekistan. Institutional investors develop a regulation on

[1] https://corporatefinanceinstitute.com/resources/knowledge/trading-investing/institutional-investor/ - the web site of a leading global provider of online financial modeling and valuation courses

investment policy, which is approved by its authority in order to ensure the quality of investments in corporate securities.

The investment policy regulations of institutional investors should include:

a) the power to make decisions and impose restrictions on transactions with individuals engaged in securities transactions;

b) qualification requirements for individuals engaged in securities transactions;

c) requirements for an information system that monitors securities transactions;

d) investment strategy and goals (for example, profitability, participation of the institutional investor in the management of the joint-stock company, maintaining liquidity, compliance with collateral requirements, etc.);

e) types and categories of securities for which the institutional investor plans to invest funds, investment periods;

f) aspects to be determined by the institutional investor:

- limiting the concentration of shares on the issuer and their areas of activity;
- assessment of the security and quality of investments in securities;
- assessment of the financial condition and management experience of issuers of securities;
- investment diversification planning;

g) regulatory requirements for the minimum level of investment in corporate securities.

Institutional investors invest their assets on the principles of reliability, diversification, return, profitability and liquidity to ensure financial stability. Investments made by an institutional investor in the charter capital of an enterprise, as well as in other securities of that enterprise, will be made in accordance with the legislation and the investment policy regulations.

The institutional investor determines independently the types of corporate securities and the minimum level of investment planned for them. In this case, the minimum level of investment in corporate securities is determined by the competent authority of the institutional investor in accordance with its regulations on investment policy.

A financial market is a market where financial instruments are exchanged or traded. Financial markets provide the following three major **economic functions**:

1) Price discovery

2) Liquidity

3) Reduction of transaction costs

Financial markets bring together people and organizations needing money with those having surplus funds. There are many different financial markets in a developed economy. Each market deals with a somewhat different type of instrument, customer, or geographic location[2].

Financial intermediary is a special financial entity, which performs the role of efficient allocation of funds, when there are conditions that make it difficult for lenders or investors of funds to deal directly with borrowers of funds in financial markets. Financial intermediaries include depository institutions, insurance companies, regulated investment companies, investment banks, pension funds.

The role of financial intermediaries is to create more favorable transaction terms than could be realized by lenders/investors and borrowers dealing directly with each other in the financial market.

There is a significant role of financial markets in the development of Corporate governance in Uzbekistan. Especially, the development of the stock market will also contribute to improving corporate governance in JSCs, which will significantly reduce abuses by company officials and violations of rights and interests of shareholders, especially minority shareholders.

[2]Eugene F. Brigham, Michael C. Ehrhardt. Financial management - theory and practice, 14e

One of the proposals for development of financial markets is to implement the concept which is proposed to approve a Financial Market Comprehensive Development Program for 2017-2021. It provides for the improvement of the legal and regulatory framework for securities markets, insurance and banking services, introduction of new financial instruments, institutional strengthening of the financial market regulation system, and others. The three central elements of the reform strategy proposed here are: (1) to establish the conditions for the emergence of a competitive and efficient financial sector; (2) to improve the legal and regulatory environment for financial sector activity; and (3) to develop and implement a strategy for restructuring the sectoral banks.

Learning essence, importance and legal basis of institutional investors can give a chance to understand why we need institutional investors in the development of the financial market. Such aspects should be taken into account while creating appropriate conditions for institutional investors to act in the financial market in Uzbekistan, because sometimes authorities forget the main features and importance of institutional investors in the financial market while regulating.

If we pay attention to theoretical and legal basis of activities of institutional investors in the financial market in Uzbekistan, it is very narrow and does not work effectively in practice. We can find only few legal documents which cannot regulate properly enough and cannot provide institutional investors with good conditions and business atmosphere. Such factors affect the structure of institutional investors in Uzbekistan which consists of only investment funds, insurance companies and commercial banks compared to institutional investors in the global financial market.

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